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THE CCP LABOR POLICY AND TAXATION POLICY

Ch'en Pai-ta
(12864, 228, 12029)

The CCP policy with respect to industry is that advocated by Comrade Mao Tse-tung in the words, "Increase production, promote a flourishing economy, foster both public and private enterprises, benefit both labor and capital."

In all its phases, the CCP economic policy is founded on the principle of protecting and developing production. A policy that departs from this principle is a mistaken policy. In the course of land reform, the CCP has unswervingly protected industry and commerce. After having liberated the laboring class from the oppression of the feudalistic system, the CCP has consistently opposed an excessive rise in wages and any dangerous leftist policy that would bankrupt productive enterprises. The democratic government under the leadership of the CCP has striven to create favorable conditions for the development of industry through such means as loans, and the unimpeded circulation of goods so that industry may be able to obtain uninterrupted supplies of raw materials and thus expand production.

The basic ideas underlying development of industry may be summed up in these two policies, the labor policy and the taxation policy.

The important problems in connection with the former are the wage problem and the labor-union problem. If wages are too high, industry must operate at a loss, or with government subsidies. Such a course is certainly not conducive to the development of industry, to the increase of production, nor to the long-range advantage of labor. Hence a policy of an overly high wage scale, to which some extreme leftists think labor is entitled, is one which positively cannot be adopted. On the other hand, those who say, "Solve the

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wage problem by freezing wages at a low level so that industry may prosper and develop," are mistaken because they fail to take into account the inefficiency of cheap labor and the effects of lack of incentive to industriousness and intelligence. Beside a fair basic-wage policy, some auxiliary system should be adopted, such as the piecework system, differentiation on the basis of skill required or danger involved, division of labor, economy of operation, and the granting of periodic bonuses, whereby there is a possibility for the good workman to earn something over and above the basic wage. Numerous and varied systems of this kind have been employed heretofore in private industry, and from their experience much can be learned. Some of these may be adopted with or without adaptation. Thus, industrious, skillful, efficient, and upright workmen will receive equitable compensation, and lazy, inefficient, wasteful, and dishonest employees will earn the penalties they deserve.

The question of labor unions in the liberated areas opens up new problems. Under the slogan "Establish a new attitude toward labor," the work of the workers' movement and of the labor unions should be to encourage employers and employees to get together in constructive discussion of and agreements on wages, working conditions, production methods, and goals. The labor unions thus should become a school for training in new democracy politics and production. In the factories there should be established consumers' and producers' cooperatives to ensure the workers the benefits of cheap and stable prices.

The Party's taxation policy, as has been said, is to protect industry and commerce, but comparing these two, the former is more fundamental. Industry creates social wealth; commerce distributes the products of industry. While commerce performs an indispensable function, and therefore must be protected, it does not create social wealth. Hence it is right and proper that taxes on industry should be lighter than those on commerce, as an inducement to the former's expansion. This principle should be one of those to be adopted in the liberated areas. Furthermore, industries which manufacture the tools of production and daily necessities should be taxed lighter than the manufacturers of luxuries and other unnecessary articles. This is a second principle that should be adopted with reference to taxation. A third principle is that of a single tax instead of the system of numerous vexatious taxes and illegal assessments which the KMT government employed.

To put these new principles into effect will involve many complex questions, and under conditions existing in the first stages of liberation many difficulties will be encountered, necessitating temporary transitional measures. For instance, we have already discussed with some industrial capitalists a provisional tax plan, the main features of which are as follows.

Having secured the assent of certain representative industrialists to a fair aggregate tax on that whole industry for a half year or a whole year, which the industry as a whole will be responsible for paying, by apportioning it among all the factories in that industry according to their size, volume of production and other factors, thereafter, during the period covered by the agreement, the questions will not again be raised as to any expansion of volume of production or increase in profits, and no additional tax is to be levied.

The industrialists are all in favor of this temporary plan, and they hold that it will encourage free competition and result in increased production. It is believed this plan will be to the advantage of the government and industry alike. Previous to the enforcement of a permanent income-tax policy, some such plan as this will have to be adopted temporarily for all branches of industry and commerce. In order to stimulate investment in the expansion of productive enterprises, the aggregate amount of taxes to be assessed against industry must be kept relatively low.

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